GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2247
ANSWERED ON:06.05.2016
FRBMA
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Will the Minister of FINANCE be pleased to state:

(a) the details of the steps taken by the Government to move on the path of reduction in revenue deficit and fiscal deficit as per the mandate of the Fiscal Responsibility and Budget Management (FRBM) Act and achievement thereon during each of the last three years;

(b) the details of shortfall, if any, found in the FRBM and the action taken or proposed to be taken by the Government thereon;

(c) the sources through which the Government has attempted to raise additional funds;

(d) the quantum of funds used for payment of interest on borrowings by the Government; and

(e) the near term fiscal deficit target for the country and steps taken or proposed to take to achieve the same?

Answer

MINISTER OF STATE FOR FINANCE (SHRI JAYANT SINHA)

(a) Government is committed to carry forward the process of fiscal consolidation as per targets assigned by the FRBM Act / rules. Fiscal consolidation has been designed with judicious mix of rationalization in total expenditure as a percentage of GDP and improvement in gross tax and non-tax revenues as a percentage of GDP with improved balance between revenue and capital expenditure.

Details of fiscal deficit and revenue deficit of the Central Government during last three years are as below:
<pre>
Financial Year Fiscal Deficit Revenue Deficit
` crore % of GDP ` crore % of GDP
2015-16 (RE) 5,35,090 3.9 3,41,589 2.5
2014-15 5,10,817 4.1 3,65,611 2.9
2013-14 5,02,863 4.4 3,57,053 3.2
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Source: Controller General of Accounts& Budget documents
Note: GDP at current prices, 2011-12 series RE: Revised Estimates

(b) Keeping in view the reduced fiscal space following implementation of the Fourteenth Finance Commission recommendations relating to higher devolution of taxes to States the FRBM Act, 2003 was amended in the year 2015 and the FRBM (amendment) rules, 2015 were notified. As per this amendment, timeframe to achieve the deficit targets has been extended to 31st March, 2018. Government is committed to carry forward the process of fiscal consolidation as mandated by the FRBM Act / rules.

(c) The Government's efforts are towards augmenting all sources of revenue i.e. from both tax and non-tax revenues. To mobilize higher amount of tax resources, Government has been taking legal, administrative and technological measures for broadening tax base and increasing tax realisation efforts by extensive use of information technology to enhance voluntary compliance and deter non-compliance.

(d) In FY 2014-15, interest payments of the Government was `4,02,444 crore. In Revised Estimates (RE) 2015-16 and Budget Estimates (BE) 2016-17, interest payment is estimated at `4,42,620 crore, `4,92,670 crore respectively.

(e) In BE 2016-17, fiscal deficit is estimated at 3.5 per cent of GDP. To achieve this target, measures for mobilization of higher amount of resources through both tax and non-tax revenues along with expenditure management, including subsidy reforms etc. have been taken in Budget 2016-17.

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